

**Maryland E-Innovation Initiative Fund Authority**  
**Thursday, November 18, 2019**  
**1:00 p.m. – 4:00 p.m.**

**Maryland Department of Commerce**  
**World Trade Center, 17<sup>th</sup> Floor**  
**401 E. Pratt Street, Baltimore, MD 21202**

The Maryland E-Innovation Initiative Fund Authority (“MEIFA” or the “Authority”) convened a MEIFA meeting at 1:00 p.m. on November 18, 2019 at the World Trade Center, 401 E. Pratt Street, 17<sup>th</sup> Floor, Baltimore, Maryland 21202. A quorum was present.

**Members**

Robert Hallenbeck, Chairman  
Stephen Auvil, Acting Executive Director, TEDCO  
Joann Boughman, Senior Vice President for Academic and Student Affairs, University of Maryland, Designee of the Chancellor, University System of Maryland  
Dan Gincel, Vice President University Partnership, and Executive Director, Maryland Stem Cell Research Fund, TEDCO, Designee of Executive Vice President, TEDCO  
Frank Glover, Lead Director, Seed Investment Fund Director, Maryland Venture Fund, TEDCO  
Sarah Sheppard, Designee of the Secretary of the Maryland Department of Commerce  
Renee Winsky, President & CEO Leadership Maryland and President & Founder, Bay One Group, LLC

**Staff, Guests, and Representatives**

Barbara Curnin Kountz, Deputy Counsel to Maryland Department of Commerce, Assistant Attorney General  
Connie Page, Administrative Associate, Office of Strategic Industries & Entrepreneurship, Maryland Department of Commerce

**Call Meeting to Order**

Chairman Robert Hallenbeck called the meeting to order at 1:00 p.m.

**Roll Call: Introduction of Authority Members and Others in Attendance**

Chairman Hallenbeck initiated roll call for Members, staff, and guests in attendance. Those in attendance: Chairman Hallenbeck, Mr. Auvil, Ms. Boughman, Dr. Gincel, Mr. Glover, Ms. Kountz, Ms. Page, Ms. Sheppard, and Ms. Winsky.

## **Review and Approval of Previous Meeting Minutes**

After motion duly made and seconded, the Authority members unanimously approved the minutes for the meeting held on October 31, 2019.

## **Program Manager's Report**

### *MEIF FY 2019 Annual Reports*

Ms. Sheppard gave an overview of the FY 2019 Annual Reports. After the Maryland Department of Commerce ("Commerce") implemented the suggestions based off the findings from the recent legislative audit, the Finance Office found all of the Maryland E-Innovation Initiative Fund ("MEIF") recipients to not be in compliance. There is now a Financial Accounting template that Commerce developed that all recipients are required to follow. Recipients out of compliance with the reporting requirements were given a change to correct and resubmit their report, but they were still done incorrectly. The issues with the annual reports include: the Nonprofit Institutions of Higher Education ("NPIHE") did not follow the directions of the annual report; financial figures were omitted from the report; explanations or support on how funds were spent was not included; some did not include third-party documentation (or a sufficient substitute) verifying the end of year fund balance; there were mathematical errors; they did not follow or changed the annual reporting template; included expenses that are not allowable uses of state funds according to COMAR; and no NPIHEs requested to use funds for indirect expenses.

Ms. Sheppard informed the Authority members that every institution used funds for indirect expenses, despite not requesting the use of funds for this as required in the Procurement Article. This was a statewide issue with grants, so starting in FY 2020, all grant recipients have indirect cost language in their grant agreement. Commerce suggests that each institution enter into an amended grant agreement with Commerce that includes indirect expense language. Commerce suggests the following: hold workshops for NPIHEs to help fill out reports correctly; have a conversation with one level of the NPIHE management higher than the person(s) responsible for the annual report; include more in-depth instructions for future annual reports; allow for a one week extension period for report corrections; make a determination as to the consequences for noncompliance (warning or clawback of funds); and send notification to the NPIHEs that someone is available to help them with the issues to get back on track.

The Authority discussed consequences of the NPIHEs not filling out the reports correctly. The Authority discussed the need for the NPIHEs to be held accountable. Chairman Hallenbeck asked Ms. Kountz to look into the possibility of a rule that if a recipient is consistently lacking in compliance in their reporting, we will use that information in determining any future applications.

### *FY 2020 Budget Update*

Ms. Sheppard explained the FY 2020 budget. As of November 16, 2019, \$36,001,750 is appropriated. The 25% cap amount is \$8,584,563. This is the fifth year of the program and Commerce is considering application for 2020 funds.

The Authority members briefly discussed the existing regulatory cap for awarding funds to institutions: College of Southern Maryland is \$8,084,563 under the cap; Hood College is \$6,640,563 under the cap; Johns Hopkins University is \$103,313 under the cap; Loyola University Maryland is \$8,584,563 under the cap; Morgan State is \$7,584,563 under the cap; Mount St. Mary's University is \$7,584,563 under the cap; Maryland Institute College of Art is \$8,084,563 under the cap; Stevenson University is \$7,404,563 under the cap; Towson University is \$8,084,563 under the cap; University of Maryland Baltimore is \$1,015,188 over the cap; University of Maryland College Park is \$1,948,188 over the cap; University of Maryland Eastern Shore is \$8,584,563 under the cap; and Washington College is \$5,640,563 under the cap.

According to Commerce's Budget Director, the Authority has money in the Fund above and beyond the amount that has been awarded in the amount of approximately \$2,700,000. Ms. Sheppard explained that a budget amendment is necessary and may have the funds available for the FY 2021 round.

### **New Business**

During the October 31, 2019 meeting, the Authority discussed the University System of Maryland (USM) introducing legislation in the 2020 session to change the MEIF statute. Ms. Sheppard reached out to USM, the Maryland Association of Community Colleges, and the Maryland Independent College and University Association, inviting them to this meeting to discuss potential changes to the statute with the Authority. Ms. Sheppard received a brief email from USM stating the following changes: USM will submit legislation to extend the funding for 5 years or in perpetuity; increase the annual funding from \$8.5 to \$12 million; change the time requirement from 1 day a week to 20% of working time over the course of a year in support of Federal Laboratory or associated Federal Laboratory research organization; and allow part of the funding to go towards a startup package to help attract faculty. The Authority did not take a position on the proposed changes.

### **Approval of Closed Session**

**At 2:07 p.m.,** Chairman Hallenbeck made a recommendation that the meeting be closed to discuss applications. At Chairman Hallenbeck's request, Ms. Kountz stated, the statutory reasons for closing the meeting were §3-305(b)(13) and (b)(7) of the Open Meetings Act, (a) to comply with a specific statutory requirement that prevents public disclosure about a particular proceeding or matter, and (b) to consult with legal counsel with respect to legal matters with respect to such applications and an amendment request. It was noted that the applications include financial information of private individuals (donors), which is information protected from disclosure under §4-336 of the Maryland Public Information Act. It was further noted that Chairman Hallenbeck had signed the Presiding Officer's Written Statement for Closing a Meeting under the Open Meetings Act, which is attached to these minutes as an Exhibit.

Upon motion duly made and seconded, it was unanimously,

RESOLVED, that the Authority move into Closed Session in accordance with §3-305(b)(13) and (b)(7) of the Open Meetings Act (OMA), to discuss the applications received by the Authority, which include financial information of private individuals, and to consult with legal counsel with respect to legal matters with respect to such applications.

Chairman Hallenbeck then preceded with the roll call. The following members (and designee) of the Authority were present during the closed session: Chairman Hallenbeck, Mr. Auvil, Ms. Boughman, Dr. Gincel, Mr. Glover, Ms. Sheppard, and Ms. Winsky. Ms. Kountz and Ms. Page also remained for the closed session.

### **Resumption of Open Session**

The Open Session of the meeting resumed at 3:21 p.m.

Chairman Hallenbeck announced the following decisions made during closed session.

- University of Maryland College Park – Pier Girogio Perotto Endowed Professorship; \$500,000 - DENIED (unanimously)
- University of Maryland College Park – Clark Leadership Endowed Chair in Data Analytic; \$536,000 - DENIED (unanimously)
- University of Maryland College Park – Clark Leadership Endowed Chair in Neuroscience; \$2,000,000 – The MEIF Authority modified the request to \$1,156,500 with the option for the institution to accept or decline the award based upon reduced funding level – APPROVED AS MODIFIED (6-1)
- Loyola University of Maryland – Endowed Professorship in Innovation; \$500,000 – APPROVED (unanimously)
- Washington College – Director of the River and Field Campus; \$1,000,000 – APPROVED (unanimously)
- University of Maryland, Baltimore – Dr. Richard and Kathryn Taylor Professorship in Neurology; \$750,000 – FAILED DUE TO LACK OF MOTION
- Johns Hopkins University – The Neurosurgical Pain Endowment in Neurosurgery; \$1,500,000 – DENIED (unanimously)
- University System of Maryland Foundation, Inc. (on behalf of University of Maryland Eastern Shore) – Roger R. & Vivian Bowers Blunt Endowed Chair in Construction Management Technology & Entrepreneurship; \$2,500,000 – APPROVED (unanimously)

### **Date of Next Meeting; Adjournment**

The Authority members determined the next meeting date of the Authority as follows:

June 16, 2020 @ 1:00 p.m. – 4:00 p.m.

- Location: Maryland Department of Commerce, 401 E. Pratt Street, 17<sup>th</sup> Floor, Baltimore, Maryland 21202 or TEDCO

**Date of next MEIF Application deadline:** June 1, 2020.

There being no further business, motion to adjourn was made, duly seconded, and unanimously approved.

APPROVED:



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Robert Hallenbeck, Chair

December 16, 2019  
Date

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Attachments:      Fiscal Year 2020 Status and Projection Report  
                         Presiding Officer's Written Statement for Closing a Meeting under the  
                         Open Meetings Act